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UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN FRANCISCO DIVISION

WAYMO LLC,  
  
Plaintiff,  
  
v.  
  
UBER TECHNOLOGIES, INC.;  
OTTOMOTTO LLC; OTTO TRUCKING LLC,  
  
Defendants.

Case No. 3:17-cv-00939-WHA

**DEFENDANTS UBER  
TECHNOLOGIES, INC. AND  
OTTOMOTTO LLC'S RESPONSE  
TO WAYMO'S OBJECTIONS AND  
PROPOSED MODIFICATIONS TO  
THE PENULTIMATE JURY  
INSTRUCTIONS ON TRADE  
SECRET MISAPPROPRIATION  
AND SPECIAL VERDICT FORM**

1 **I. There is no “improper-acquisition-free” route to liability in this case.**

2 Waymo’s liability theory from the outset of this lawsuit has always been that Uber is  
3 using trade secrets that it knew or had reason to know were acquired through improper means.  
4 That is the only theory of misappropriation that Waymo pleaded:

5 Defendants misappropriated and threaten to further misappropriate trade secrets at  
6 least by acquiring trade secrets with knowledge of or reason to know that the trade  
7 secrets were acquired by improper means, and Defendants are using and  
8 threatening to use the trade secrets acquired by improper means without Waymo’s  
knowledge or consent.

9 Dkt. 23 (Am. Compl.) ¶ 84 (emphasis added). Waymo neither pleaded nor pursued an “improper-  
10 acquisition-free” theory. Yet again, “Waymo must be held to prove its showcase contention”.  
11 Dkt. 2495 at 6.

12 The lone theory of liability in Waymo’s complaint was derived from one avenue of use-  
13 based misappropriation provided for in CUTSA and DTSA. Cal. Civ. Code §§ 3426.1(b)(2); *see*  
14 *also* 18 U.S.C. §§ 1839(5)(B) (substantively identical) (both block quoted at Dkt. 2550 at 2–3).  
15 Waymo does not appear to dispute that subdivisions (b)(2)(A) and (b)(2)(B)(i)—which line up  
16 with its Complaint ¶ 84—can be summarized as “acquisition, then use or disclosure.” Indeed,  
17 under (b)(2)(B)(i), the definition of “improper means” includes inducing a breach of a duty to  
18 maintain secrecy. Cal. Civ. Code § 3426.1(a); 18 U.S.C. § 1839(6) (defining “improper means”).

19 Instead, Waymo seeks to inject two brand-new “improper-acquisition-free” theories of  
20 liability, corresponding to subdivisions (b)(2)(B)(ii) and (iii) (for the DTSA, 18 U.S.C.  
21 §§ 1839(5)(B)(ii)(II) and (III)). Dkt. 2050-1 at 2. It claims, citing no authority, that it is a  
22 “recurring fact pattern” that “a subsequent employer commits misappropriation by using or  
23 disclosing trade secrets from an employee who first properly acquired knowledge of the trade  
24 secrets at his or her prior employment subject to a duty to maintain their secrecy.” Dkt. 2550 at 2.  
25 First, this is not a correct statement of the law. Waymo omits that the new employer must have  
26 “kn[own] or have reason to know” of the former employee’s breach of his duties. Cal. Civ. Code  
27 § 3426.1(b)(2)(B); 18 U.S.C. § 1839(5)(B)(ii).

28 Moreover, this hypothetical is simply not the theory Waymo chose to plead and pursue.

1 The theories of liability in (b)(2)(B)(ii) and (iii) depend on a “duty” to maintain the alleged trade  
 2 secret’s secrecy or limit its use, and Uber’s knowledge of that duty. But Waymo made the  
 3 strategic decision to “forsw[ear] reliance on its 2009 and 2012 agreements with Levandowski to  
 4 prove up its claims.” *See* Dkt. 425 at 4. In denying Uber’s motion to compel arbitration, the Court  
 5 noted equitable estoppel prevents “seeking to hold a nonsignatory liable via duties imposed by an  
 6 agreement, while resisting arbitration called for by the same agreement on the ground that the  
 7 defendant is a nonsignatory.” *Id.* at 3:26–28. Yet that is precisely what Waymo would do here: it  
 8 would seek to prove its employees breached their employment agreements and to hold Uber liable  
 9 for those breaches, while avoiding Waymo’s broad and clear agreement to arbitrate such claims.

10 The Court has already implicitly rejected Waymo’s arguments twice. *See* Dkt. 2251,  
 11 Dkt. 2449. The Court should do so again, and hold Waymo to the case it pled.

## 12 **II. The jury should not be instructed on an improper-acquisition-only claim.**

13 Waymo argues that the jury should be instructed that it may find Uber liable for  
 14 misappropriation if Uber improperly acquired any of the alleged trade secrets, even if Uber never  
 15 used or disclosed them. But the Court has already held that Waymo has no damages claim based  
 16 on acquisition. Dkt. 2495 at 6. Thus, Waymo has no right to a jury trial on acquisition:

17 As noted, the Supreme Court has told us four times that the nature of the remedy is  
 18 more important for Seventh Amendment purposes than the nature of the right.  
 19 Where, as here, the two conflict, we conclude that the equitable nature of the relief  
 20 is dispositive, unless Congress lacks the power to so limit the remedies available  
 for violations of section 510.

21 *Spinelli v. Gaughan*, 12 F.3d 853, 857 (9th Cir. 1993) (emphasis added). The CACI jury  
 22 instructions themselves state that “the jury should be instructed only on matters relevant to  
 23 damage claims.” CACI 4405 Directions for Use. Moreover, requiring the jury to determine  
 24 acquisition alone would needlessly complicate matters by requiring resolution of thorny legal and  
 25 factual questions regarding agency and imputation. It also would not save the Court any time, as  
 26 any injunctive relief would require further judicial findings.

## 27 **III. The Penultimate Jury Instructions (“PJIs”) do not “conflate” liability and damages.**

28 Waymo argues again that damages should not be an element of its claim—but that is

contrary to the model instructions, as Uber previously demonstrated. Dkt. 2398. Moreover, PJI III clearly explains Waymo's damages theory and provides context for the limitation on acquisition damages so that the jury does not second-guess or overlook it. And, Waymo's "misappropriation claim for damages" is the only issue for the jury to decide. Injunctive relief is for the Court to decide—Waymo has no right to try a non-damages case to the jury. Finally, PJI IV properly and clearly sets forth the elements for Waymo "[t]o succeed on its claim for unjust enrichment," which is the only issue that should be put before the jury to decide.

#### **IV. Waymo's revisions to PJI XVI are improper.**

Waymo seeks to transform PJI XVI from a targeted clarification of a specific "corner case" of the meaning of "use" in trade secrets law, into a lopsided laundry list of all the ways a defendant might "use" a trade secret. Waymo's proposed revisions—drawn from misstatements of non-binding decisions and untethered to the theories that Waymo pleaded—are unwarranted.

First, there are limits to the definition of "use." For example, "slight" contributions may not count if the resulting product or process can be said to derive from other sources of information or independent creation. Dkt. 2549 at 4–5. Likewise, there is no "use" if there is no reduction of the value of the trade secret to its owner or unfair trade advantage to the defendant. *Id.* Waymo's modifications to PJI XVI, however, suggest a variety of scenarios untethered to the facts or allegations in this case. By including multiple things that "use" *could be*, but omitting the things that "use" *is not*, Waymo gives an incomplete and misleading picture of the law.

Moreover, by instructing the jury that certain activities—like internal experimentation—"count" as use under the law, Waymo proposes to take a fact question away from the jury. This is error on its own, and would be compounded by the instruction's failure to tell the jury what factors might lead such internal experimentation not to count as improper use. For example, if a party never obtained any sort of "unfair trade advantage," such experimentation may not count as "use." See *JustMed, Inc. v. Bryce*, 600 F.3d 1118, 1130 (9th Cir. 2010) (block quoted at Dkt. 2549 at 5); see also *O2 Micro Int'l Ltd. v. Monolithic Power Sys., Inc.*, 399 F. Supp. 2d 1064, 1072 (N.D. Cal. 2005), *as amended*, 420 F. Supp. 2d 1070 (N.D. Cal. 2006), *aff'd*, 221 F. App'x 996 (Fed. Cir. 2007) (block quoted at Dkt. 2549 at 8).

Waymo's proposed additions also misstate the law. For example, Waymo asks to instruct the jury that "Actual use does not require using all features, characteristics or elements of the trade secret." Dkt. 2550-1 at 2. But in the *very block quote that Waymo identifies* as supposed support for this proposition, the court said that "taking a bundle of trade secrets and not using the entire bundle" could still count as "use"—not that use of only *part* of a *single* alleged trade secret could incur liability. *InfoSpan, Inc. v. Emirates NBD Bank PJSC*, 2015 WL 13357646, at \*5 (C.D. Cal. May 6, 2015). Tellingly, Waymo also urges the Court to instruct the jury that a trade secret can be combined from public elements. Dkt. 2550-1 at 2 (proposed PJI X). If Waymo's modifications are both adopted, the jury could hold Uber liable for using information concededly and wholly in the public domain. (*See also* Section V, *infra*).

As another example, Waymo's proposed addition that use can mean "using a competitor's designs to accelerate its own research and development process" unduly emphasizes Waymo's preferred theories. *Gill v. Manuel*, 488 F.2d 799, 802 (9th Cir. 1973) ("Repetitious instructions which place undue emphasis on matters favorable to either side constitute reversible error.") (quotations omitted). And the non-binding *dicta* that Waymo cites is not about research and development at all; it concerns alleged misappropriation of trade secrets through incorporation into software. *Agency Solutions.Com, LLC v. TriZetto Grp., Inc.*, 819 F. Supp. 2d 1001, 1028–29 (E.D. Cal. 2011).

Waymo's proposed additions are prejudicial in other ways. For example, Waymo would have this Court instruct the jury regarding use of a "competitor's design," and even worse, a "stolen design," rather than a competitor's *trade secret*. This invites error by asking the jury to find liability based on use of non-trade-secret aspects of a competitor's design.

**V. Waymo's proposed revisions to PJI X are confusing and improper advocacy.**

Waymo proposes unnecessary and confusing additions to PJI X. This instruction concerns the secrecy with which a company protects its information—not what the information *is*. There is no need to state that proprietary compilations of public data can sometimes be trade secrets, in this or any other instruction. Moreover, this instruction is unnecessary on the facts of this case. Waymo has never argued that its alleged trade secrets are protectable because they are compiled

1 from public sources. The case Waymo relies upon, *United States v. Nosal*, demonstrates just how  
 2 far afield this action is from one where a “combinations” instruction would be proper. There, the  
 3 court considered the misappropriation of a vast database not only of publicly available  
 4 information about over a million executives, but also data that was enriched with proprietary  
 5 algorithms enabling the owner, an executive search firm, to promptly identify the best candidates.  
 6 844 F.3d 1024 (9th Cir. 2016), *cert. denied*, 138 S. Ct. 314 (2017). The very next paragraph after  
 7 Waymo’s quotation highlights the uniqueness of the database at issue:

8       The source lists in question are classic examples of a trade secret that derives from  
 9 an amalgam of public and proprietary source data. To be sure, some of the data  
 10 came from public sources and other data came from internal, confidential sources.  
 11 But cumulatively, the Searcher database contained a massive confidential  
 12 compilation of data, the product of years of effort and expense. Each source list  
 13 was the result of a query run through a propriety algorithm that generates a custom  
 14 subset of possible candidates, culled from a database of over one million  
 15 executives. The source lists were not unwashed, public-domain lists of all financial  
 16 executives in the United States, nor otherwise related to a search that could be  
 17 readily completed using public sources. Had the query been “who is the CFO of  
 18 General Motors” or “who are all of the CFOs in a particular industry,” our analysis  
 19 might be different. Instead, the nature of the trade secret and its value stemmed  
 20 from the unique integration, compilation, cultivation, and sorting of, and the  
 21 aggressive protections applied to, the Searcher database.

22 *Id.* at 1042–43 (emphasis added). *Nosal* thus offers no support for Waymo’s proposed addition to  
 23 PJI X. And Waymo’s proposed language omits this important dimension of the doctrine, as it fails  
 24 to say anything about the requirement that it must be so difficult to reconstruct a “combination”  
 25 trade secret that the trade secret is not “readily ascertainable” despite being a combination of  
 26 public information; nor does it recognize that *Nosal* involved proprietary data and algorithms.

27       The prejudice to Uber would be especially severe if the Court also accepted Waymo’s  
 28 proposal to add to PJI XVI an instruction that misappropriation does not require using all features  
 of a trade secret, as described above.

## 29 **VI. Waymo’s requested modifications to PJI XX are unnecessary and improper.**

30       Waymo asks the Court to delete the instruction to the jury in PJI XX that they should  
 31 subtract Uber’s “reasonable expenses, including the dollar value of its own independent research  
 and development” from any unjust enrichment amount. Dkt. 2550-1 at 4. Waymo offers no legal

1 support for the proposition that this clear and well-supported proposed instruction should be  
 2 changed. Instead, Waymo is asking the court to decide, as a matter of law and before the evidence  
 3 is in, that there is nothing to deduct. Waymo is wrong as a factual matter. The burden is on  
 4 Waymo to prove that any unjust enrichment was due to misappropriation of the trade secrets, and  
 5 among other issues, Waymo’s argument refers to expenses related to the *entire company*.  
 6 Dkt. 2550 at 9–10. In any event, the Court should not take this question away from the jury before  
 7 both sides have a chance to put in evidence.

8 **VII. A biased adverse inference instruction is improper and premature.**

9 The Court has already rejected Waymo’s argument that the Court should prohibit the jury  
 10 from drawing inferences that are unfavorable to Waymo—in setting its ground rules for adverse  
 11 inferences the Court noted that “both sides” intend to ask the jury to draw inferences. Dkt. 1535.

12 Moreover, Waymo’s proposed revisions are premature. It would be improper to decide the  
 13 scope of possible inferences—and against which side(s) the jury is permitted to draw them—  
 14 before the Court performs its gatekeeping function to determine which questions are supported by  
 15 independent corroborating evidence. *Id.* And if the Court does allow Levandowski to be called to  
 16 testify, it is the jury—not Waymo or its lawyers—who will decide whether to draw inferences  
 17 against one side or the other. To instruct that the jury must apply that law in favor of Waymo and  
 18 against Uber would prejudice Uber and erroneously take a question of fact away from the jury.

19 **VIII. The Court should reject Waymo’s efforts to confuse the jury by instructing that the**  
 20 **separate proceeding Waymo brought should not be accounted for in computing**  
 21 **damages for trade secret misappropriation in this case.**

22 Waymo’s proposed revisions to PJI XXVII are unnecessary, confusing and prejudicial. As  
 23 we said at the pretrial conference, Uber has no intention to argue that the jury “shouldn’t do  
 24 anything because they [Waymo] have already sued Levandowski.” 1/30/2017 PTC Hr’g Tr.  
 25 109:9–17. Nor does the Court’s proposed PJI XXVII suggest as much; instead, it correctly  
 26 instructs the jury that in order to hold Uber or Ottomotto liable, Waymo must “prove the elements  
 27 of proof set forth in these instructions.” Dkt. 2449 at 11. Waymo’s proposed addition is not  
 28 tailored to this issue, however. Waymo instead would tell the jury that “You should not consider  
 any *recovery* that Waymo might obtain from Levandowski in the other proceeding, as this will



not compensate Waymo for its *losses* arising from any trade secret misappropriation.” Dkt. 2550-1 at 5 (emphasis added). But nothing about the Court’s proposed instruction suggests that recoveries Waymo might obtain from Levandowski should be applied as an offset by the jury. What is worse, Waymo’s reference to its own “losses” would confuse the jury by injecting an irrelevant issue into a case where Waymo, by its own admission, has no claim for recovery of its losses. Dkt. 2397 at 4 (“Waymo does not seek damages in the form of actual losses”).

**IX. A reasonable royalty is an issue for the Court, not the jury, and Waymo has chosen to pursue a reasonable royalty theory that is predicated on first showing unjust enrichment.**

This issue is separately addressed in the parties’ Joint Submission that was ordered by the Court on February 2. *See* Dkt. 2611. In addition, Uber notes that the only reasonable royalty theory Waymo has ever disclosed is based on a percentage increase over its unjust enrichment damages, so it is not clear how an unjust enrichment award could be overturned while the royalty award based on that number stands. There is a far greater risk of prejudice by allowing Waymo to infect the jury’s unjust enrichment computation with reasonable royalty arguments.

**X. The “Alleged Trade Secrets” should be described as “Alleged”, not as “Claimed.”**

The Court has already referred to the Alleged Trade Secrets as “alleged,” and therefore Uber believes this objection is moot. In any event, it is meritless. Waymo has made allegations; now it has the burden to prove them. In claiming that the jury might be confused by this common word, Waymo quotes the *third and last* definition given for “alleged” in Merriam-Webster’s. The *first two* definitions given for “alleged” demonstrate that “alleged” is the right word:

- 1 : accused but not proven or convicted • an *alleged* burglar;
- 2 : asserted to be true or to exist • an *alleged* miracle • an *alleged* conspiracy
- 3 : questionably true or of a specified kind : supposed, so-called • bought an alleged *antique* vase

Definition of Alleged, Merriam-Webster Online Dictionary, available at <https://www.merriam-webster.com/dictionary/alleged>. Moreover, Waymo’s proposed substitution—“claimed”—is prejudicial. “Claimed” fails to acknowledge that the alleged trade secrets might not be trade secrets at all, and also insinuates ownership, as in “patent claims” or “land claims.” This suggests that Waymo has already satisfied one of the elements of its burden of proof—that it owned an



1 enforceable trade secret—when it is the jury who must make that determination. *See* PJI V.

2 **XI. The last sentence of PJI XVII is accurate and will assist the jury.**

3 The sentence of PJI XVII that Waymo complains about is straight out of CACI 430. It is  
4 neither redundant nor confusing. Rather, it is a straightforward summation of “but-for” causation.  
5 The CACI Directions for Use indicate that this sentence should not be used in a “case involving  
6 concurrent independent causes,” where but-for causation is inapplicable. This is not such a case.

7 Finally, Waymo’s contention that the last sentence of PJI XVII incorrectly injects a  
8 requirement of showing “harm” into the elements of Waymo’s case is just plain wrong. Waymo  
9 misquoted the Court’s instruction in PJI XVII, which does not mention the word “harm.” Rather,  
10 the Court’s PJI XXVII states that “Conduct is not a substantial factor in causing unjust  
11 enrichment if the same benefit would have occurred without that conduct.” Waymo’s brief  
12 substitutes “harm” for “unjust enrichment,” and “same harm” for “same benefit,” and then argues  
13 against the misquoted language. No change to the instruction is needed.

14  
15 Dated: February 6, 2018

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**ATTESTATION OF E-FILED SIGNATURE**

I, Arturo J. González, am the ECF User whose ID and password are being used to file this Response. In compliance with Civil L.R. 5-1(i)(3), I hereby attest that Karen L. Dunn has concurred in this filing.

Dated: February 6, 2018

/s/ Arturo J. González  
ARTURO J. GONZÁLEZ